

# **Chapter 1: Introduction to TIFIA**

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The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a new federal credit program (referenced hereafter as the TIFIA program) under which the U.S. Department of Transportation (DOT) may provide three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit – for surface transportation projects of national or regional significance. The program’s fundamental goal is to leverage federal funds by attracting substantial private and other non-federal co-investment in critical improvements to the nation’s surface transportation system. In all cases, the DOT plans to use a merit based system to award credit assistance to project sponsors including state departments of transportation, transit operators, special authorities, local governments, and private entities.

This program guide describes how the DOT will administer the TIFIA program. This chapter introduces the program’s objectives and provides an overview of how the program operates. Chapter 2 details the required terms for individual credit instruments and describes how these instruments are funded. Chapter 3 describes the eligibility requirements concerning types of projects, activities, cost limits, and project sponsors. Chapter 4 describes the process by which project sponsors may apply for TIFIA assistance. Chapter 5 describes the evaluation and selection process that the DOT will use to determine who receives credit assistance. Chapter 6 discusses the contractual documents required and prerequisites for executing such documents. Chapter 7 discusses special issues related to loan guarantees.

This May 2001 program guide and application supersedes previous editions published in June 1999, May 2000, and July 2000. Notification of future revisions will be made on the TIFIA web site located at <http://tifia.fhwa.dot.gov>. This web site also provides additional information regarding the TIFIA program.

## **Legislative Reference**

The TIFIA statute appears as sections 1501 through 1504 of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA 21, Public Law 105-178), as amended by the TEA 21 Restoration Act (Title IX of Public Law 105-206). The substance of the legislation is codified within sections 181 through 189 of title 23 of the U.S. Code (23 U.S.C. 181-189), with supporting regulations appearing in part 80 of title 49 of the Code of Federal Regulations (49 CFR 80). These documents may be referenced in Appendix C of the program guide.

## **Funding Levels**

The credit program established under TIFIA may provide up to \$10.6 billion in federal credit assistance through fiscal year 2003 at a maximum budgetary cost of \$530 million.

## **Program Administration**

By statute, implementation of the TIFIA program is the responsibility of the Secretary of Transportation. The Secretary receives support from a multi-agency TIFIA Credit Council comprised of the DOT’s Assistant Secretary for Budget and Programs, Assistant Secretary

for Transportation Policy, Director of the Office of Intermodalism, General Counsel, and the Administrators of the Federal Highway Administration (FHWA), the Federal Railroad Administration (FRA), and the Federal Transit Administration (FTA).

Staff support to the TIFIA Credit Council is provided by the TIFIA Joint Program Office (TIFIA JPO), which coordinates and manages the day-to-day responsibilities of implementing the program. Recognizing the crosscutting and multi-modal nature of the program, the TIFIA JPO frequently relies on the staff of the DOT's operating agencies and secretarial offices to assist with TIFIA implementation.

## **Implementation Process**

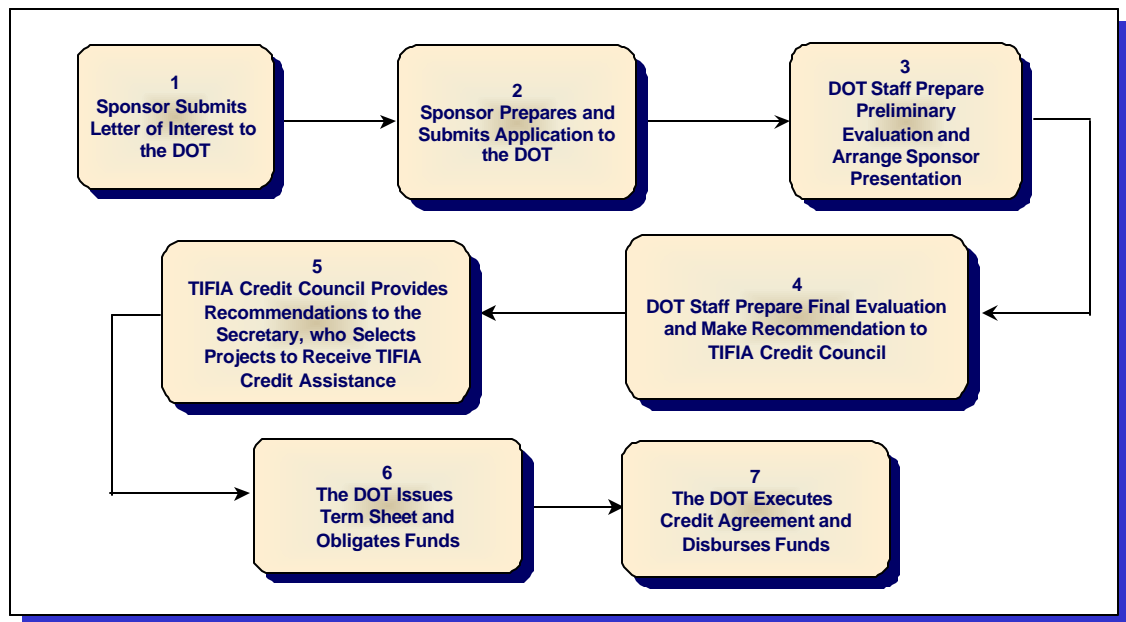
All TIFIA assistance will be awarded based on a project's merits and its satisfaction of TIFIA statutory criteria. The application process, described in a Notice of Funding Availability (NOFA) published in the Federal Register each fiscal year, will generally include the following steps:

1. Letter of Interest. Every potential applicant must first submit a detailed letter of interest describing the project and outlining the proposed plan of finance, including the requested credit assistance. The DOT will review this preliminary submission to ensure that the project meets the most basic requirements for TIFIA participation. A DOT evaluation team will subsequently contact the project sponsor to review the project's eligibility and readiness to apply for program assistance.
2. Application. A project sponsor may submit an application only after the DOT confirms the project's basic eligibility and readiness. Upon receiving such notification from the DOT, the project sponsor may submit its application package with all required materials. The DOT will not review incomplete applications or applications for projects that do not satisfy TIFIA requirements.
3. Sponsor Presentation. Each project sponsor whose application passes an initial screening for completeness and compliance will be invited to make an oral presentation to the DOT on behalf of the project. The DOT will provide guidance regarding the structure and content of the presentation at the time of the invitation.
4. Project Evaluation. Based upon the written application, the oral presentation, and any supplemental submission of information, DOT staff will prepare a final evaluation and recommendation for the TIFIA Credit Council.
5. Project Selection. The TIFIA Credit Council, in turn, provides recommendations to the Secretary of Transportation, who then selects projects to receive TIFIA assistance. The DOT will not select projects that have yet to satisfy basic criteria such as obtaining environmental clearances.
6. Term Sheet Issuance and Funding Obligation. For each selected project, the DOT will issue a term sheet setting forth certain key business terms and conditions of TIFIA credit assistance. Execution of this document triggers the DOT's obligation of budget authority (i.e., legal commitment) to fund the credit assistance.

7. **Credit Agreement and Disbursements.** The credit agreement is the definitive agreement between the DOT and the project sponsor, specifying all terms and conditions of the TIFIA credit assistance and authorizing disbursement of funds. Prior to execution of the credit agreement and subsequent funding disbursements, the project sponsor must satisfy all program requirements – including receipt of an investment grade rating on the project’s senior debt obligations. For direct loans, the DOT will disburse funds, according to project needs, on a reimbursable basis for eligible project costs.

Exhibit 1-A provides a schematic that shows each of these seven steps as a flow chart.

Exhibit 1-A: Summary of the TIFIA Process



### Points of Contact

Additional information can be obtained from the following TIFIA Joint Program Office staff:

Mr. Bryan Grote, Chief, (202) 366-9656  
 Mr. Duane Callender, (202) 366-9644  
 Ms. Stephanie Kaufman, (202) 366-9649  
 Mr. Mark Sullivan, (202) 366-5785

The TIFIA JPO fax number is: (202) 366-2908.

The TIFIA JPO mailing address is:  
 TIFIA Joint Program Office  
 U.S. Department of Transportation  
 HABF-50, Room 4301  
 400 Seventh Street, SW

Washington, DC 20590

Hearing- and speech-impaired persons may use TTY by calling the Federal Information Relay Service at 1-800-877-8339. Additional information, including the most recent edition of the program guide and application materials, can be obtained from the TIFIA web site at <http://tifa.fhwa.dot.gov>.